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Honorable Michael K. Powell
Chairman

Honorable Jonathan S. Adelstein
Commissioner

Honorable Kathleen Q. Abernathy
Commissioner

Honorable Michael J. Copps
Commissioner

Honorable Kevin J. Martin
Commissioner

Federal Communications Commission
445 12th St, NW
Washington, DC 20554

Dear Chairman Powell and Commissioners Adelstein, Abernathy, Copps, and Martin:

MCI welcomes your call for negotiations to arrive at wholesale agreements regarding access to incumbent telephone companies' networks. We look forward to the quick resolution of those negotiations and to the day when consumers can fully enjoy the benefits of a competitive marketplace.

As you may know, MCI has been eager to participate in productive negotiations on these issues for some time. In the wake of the D.C. Circuit's recent decision, MCI renewed its efforts, initiated discussions in a quiet and constructive fashion, and has been actively engaged in negotiations over the past several weeks. While the ongoing discussions have not resulted in agreement, we recognize that a negotiated, business-to-business solution to the disputes that have divided the industry would benefit incumbents, competitors and -- most importantly -- consumers. We reaffirm our commitment to apply all our efforts to achieve such a result.



If these negotiations are to succeed, it is important that there be a clear framework for resolution. First, we endorse your idea that mediators, or perhaps monitors, be appointed to assist the negotiation process. We believe that a panel consisting of a representative of the Commission and two state commissioners, to be selected by the National Association of Regulatory Commissioners, would be helpful to the parties, and would likely facilitate a successful resolution.

Second, MCI is willing to negotiate in the open, and calls on all parties to agree to an open process. Conducting negotiations which involve so many parties in private is likely to be unwieldy. And, as has been the case in the past, a private process can be hampered by backchannel disinformation, public mischaracterizations, hidden agendas and confusion. The Commission's constructive framework will not succeed unless participants and observers can fairly determine for themselves whether the positions taken by the participants are reasonable and in good faith. We call upon all participants to waive non-disclosure concerns and conduct this critically important effort in the full light of public scrutiny.

Third, in order to advance the progress of the negotiations, MCI offers the following substantive principles that we believe should be incorporated in any settlement:

- Customer disruption must be avoided or minimized.

Policymakers and companies can never forget that we are dealing with consumers who depend upon the reliability of their telephone service. A transition to facilities-based competition that adversely affects customers, or diminishes their choices, is not good for consumers and is certainly not good for the industry.

- Transition to facilities-based competition is complex.

Transition of millions of customers away from UNE-P to other service delivery mechanisms is not a simple matter. It cannot occur overnight, and will not succeed without the assistance of regulators. The industry must be given sufficient time to make the investments and put in place the methods and procedures that will make facilities-based competition on this scale a reality. Flash cut or unduly accelerated transitions will result in disruption of consumers' service and carriers' being forced from the market.

- Resolution should encourage, or at a minimum not discourage, facilities-based investment by CLECs.



It is MCI's goal to move our customer base onto our own or other leased facilities when and where it is economic and feasible. Resolutions which lock competitive carriers onto the incumbent's network -- or that penalize competitors for using their own facilities -- are not acceptable. Resolutions must also recognize that for certain classes of customers, such a transition may never be possible, and that in all circumstances certain economic and operational issues must be addressed before CLECs can compete using their own facilities.

- Any settlement should permit competition for the large majority of residential customers, and not just a small niche market of customers who benefit from a feature-rich bundle of telecommunications services. Any settlement should establish terms for the lease of *all* UNEs whose availability has been left uncertain as a result of the D.C. Circuit's decision

MCI is committed to these principles and will work in good faith with policy makers and other members of the industry to achieve the competitive marketplace that is the goal of this nation's telecommunications policy.

Sincerely,

Michael D. Capellas
President and CEO
MCI